Canadian Northern Economic Development Agency

2011-12

Departmental Performance Report

Original Signed by
The Honourable Leona Aglukkaq, P.C., M.P.

The Honourable Leona Aglukkaq, P.C., M.P.
Minister of Health, Minister of the
Canadian Northern Economic Development Agency and
Minister for the Arctic Council

Table of Contents

Minister's Message 1

Section I: Organizational Overview 3
- Raison d'être 3
- Responsibilities 3
- Strategic Outcome and Program Activity Architecture 4
- Organizational Priorities 5
- Risk Analysis 8
- Summary of Performance 10
- Expenditure Profile 14
- Estimates by Vote 14

Section II: Analysis of Program Activities by Strategic Outcome 15
- Strategic Outcome 15
- Program Activity: Business Development 15
  - Performance Summary and Analysis of Program Activity 17
  - Lessons Learned 19
- Strategic Outcome 19
- Program Activity: Community Development 19
  - Performance Summary and Analysis of Program Activity 21
  - Lessons Learned 23
- Strategic Outcome 23
- Program Activity: Policy, Advocacy and Coordination 23
  - Performance Summary and Analysis of Program Activity 25
  - Lessons Learned 27
- Strategic Outcome 27
- Program Activity: Internal Services 27
  - Performance Summary and Analysis of Program Activity 28
  - Lessons Learned 29
- Changes to Government Structure 29
- Canada's Economic Action Plan 30

Section III: Supplementary Information 31
- Financial Highlights 32
- Financial Highlights Charts and/or Graphs 32
- Financial Statements 32
- List of Supplementary Information Tables 32

Section IV: Other Items of Interest 33
- Organizational Contact Information 33

Endnotes 34

Minister's Message

As Minister of the Canadian Northern Economic Development Agency (CanNor), I am pleased to present to Parliament, and to Canadians, the 2011-12 Departmental Performance Report.

Canada is reaching the point where the economic development of the North and its contribution to the Canadian economy is without precedent. Industry, territorial governments, communities, Aboriginal organizations, and the federal government, are individually and collectively working to advance the northern economy and the businesses that will help the North reach its full potential.

CanNor actively works with all of these partners to align strategies and investments. It uses its networks, its policy and research capacity, and its programs, to contribute to the shared goal of creating jobs and advancing growth in the North. The Agency understands the transformative role of major projects for industry and communities and works to address challenges to foster responsible resource development. The Agency also understands the unique qualities of the North and the importance of supporting an economy that reflects that diversity and the aspirations of Northerners.

In 2011-12 CanNor launched the Northern Adult Basic Education Program, which is helping working-age Northerners to improve basic workplace skills so that they can take advantage of a growing northern economy and job opportunities. CanNor program investments continued to target key business and community development opportunities in areas as diverse as tourism, cultural industries, and resource sectors. The Northern Projects Management Office continued to build its portfolio of industry clients, providing a single window service for major projects navigating the northern environmental assessment processes, while fostering economic and business development around those projects. All of these efforts were supported by CanNor's focus on strengthening its internal business and financial processes and controls to enable streamlined and effective operations.

Original Signed by
The Honourable Leona Aglukkaq, P.C., M.P.

The Honourable Leona Aglukkaq, P.C., M.P.
Minister of Health, Minister of the
Canadian Northern Economic Development Agency and
Minister for the Arctic Council

Section I: Organizational Overview

Raison d'être

The Canadian Northern Economic Development Agency (CanNor) works to help develop a diversified, sustainable and dynamic economy across Canada's three territories, while contributing to the Canada's prosperity. CanNor fosters growth and development in the North by delivering economic development programs and by collaborating with and aligning the efforts of partners in northern and southern Canada to respond to economic challenges and opportunities in the North. The Agency also coordinates the activities of other federal departments to maximize their collective impact — particularly federal regulators in relation to major project development — in the North, bringing insight, knowledge and partnerships together.

Responsibilities

2011-12 represents CanNor's second full year of operations across Canada's North with its offices open in all northern capitals and a liaison office in Ottawa.

As the only federal department headquartered in the North (in Iqaluit), CanNor offers a unique perspective and value added to the federal government's efforts to advance its Northern Strategy and, in particular, its socio-economic component. It does this by aligning the efforts of all federal government departments whose operations impact the North's economic development. This work is enhanced by coordinating federal approaches with those being adopted by territorial governments, communities, Aboriginal organizations and the private sector.

By bringing together partners, investments can be collectively leveraged, ideas and insights exchanged, and knowledge shared. CanNor is also expected to show leadership. In terms of major projects, the single largest driver of economic development in the North, CanNor's Northern Projects Management Office (NPMO) is a single window pathfinder for industry, helping companies move projects through the environmental assessment and permitting process in each of the three territories. It also coordinates federal regulators to ensure the timeliness, transparency and predictability of regulatory efforts, including when leading Aboriginal consultations.

At times leadership is also about filling gaps and taking calculated risks. Here the Agency uses its suite of contribution programs which principally include the Strategic Investments in Northern Economic Development (SINED) program, Aboriginal economic development programs, and the recently established Northern Adult Basic Education Program (NABEP). CanNor investments can be the catalyst to get a business started or expanded. They can help a community plan to benefit from upcoming economic opportunities. They can support a wide range of studies and projects from physical infrastructure to helping individual development. Federal investments can also be used to encourage other partners to participate in a project.

Complementing NPMO and CanNor's programs, the Agency also uses it policy and research capacity to examine economic issues and opportunities. This work informs the

federal perspective on northern economic development, and contributes to the efforts and thinking of all partners. A common understanding of the facts is a foundation to successful partnerships and effective investments of time and money. The Agency's pan-northern perspective and knowledge of the North are at the core of its efforts to champion the economic interests of the North within and outside the federal government. Ultimately for CanNor, success is a function of its partnerships, collaboration and networks.

Strategic Outcome(s) and Program Activity Architecture (PAA)

Strategic Outcome: Developed and diversified territorial economies that support prosperity for all Northerners.

The Program Activity Architecture (PAA) supports achieving the Agency's strategic outcome. It reflects the current activities of CanNor, but may change to accommodate evolution in the Agency's roles, responsibilities, programs and activities.

Program Activity Architecture

Government of Canada Outcome: Strong Economic Growth		
	Program Activities	**Program Sub-activities**
CanNor Strategic Outcome *Developed and diversified territorial economies that support prosperity for all Northerners*	1.1 Business Development	1.1.1 Innovation and Knowledge
		1.1.2 Entrepreneurship
		1.1.3 Sectoral Development
	1.2 Community Development	1.2.1 Aboriginal Economic Development
		1.2.2 Community Adjustment
		1.2.3 Capacity and Skills Development
		1.2.4 Infrastructure
	1.3 Policy, Advocacy and Co-ordination	1.3.1 Policy
		1.3.2 Advocacy
		1.3.3 Co-ordination
	1.4 Internal Services	1.4.1 Governance and Management Support
		1.4.2 Resource Management Services
		1.4.3 Asset Management Services

Organizational Priorities

CanNor's strategic outcome is: *Developed and diversified territorial economies that support prosperity for all Northerners*. The program activities identified against the priorities in the following tables fall under this strategic outcome.

Priority	Type	Strategic Outcome
Excellence in Program Delivery	Previously Committed To[1]	Developed and diversified territorial economies that support prosperity for all Northerners

CanNor staff fosters and maintains close working relationships with Aboriginal communities and other northern stakeholders. This partnership facilitates the successful delivery of the Agency's programs and responds to the economic development needs of Northerners, as well as those of Aboriginal governments and organizations in accordance with the Federal Framework for Aboriginal Economic Development. These relationships and the regular interactions between CanNor staff and all of their clients and stakeholders are used to inform program delivery improvements, as well as enhance the quality and impact of proponent proposals.

During the reporting year, CanNor initiated a call for expressions of interest across the three territories to increase awareness of the Agency's programs. This approach encouraged submission of proposals prior to the start of the fiscal year in an effort to better align work planning and funding decisions. During 2011-2012, the Northern Adult Basic Education Program (NABEP) was created. The structure and implementation of NABEP was informed by work that CanNor undertook with the northern colleges who are delivering this new program. All programs were successfully managed and delivered in a manner that resulted in a 2% funding lapse in contribution funding at the end of the fiscal year.

Priority	Type	Strategic Outcome
Building a Strong Agency	Previously Committed To	Developed and diversified territorial economies that support prosperity for all Northerners
The Agency entered its second full year of operations in 2011-12. A key imperative was an ongoing focus on improving the internal workings of CanNor, while at the same time establishing the Agency's presence with key stakeholders and partners. Offices were built and occupied, while construction of CanNor's headquarters in Iqaluit commenced. Staffing was undertaken to continue to build a professional, experienced and knowledgeable CanNor team.		

Priority	Type	Strategic Outcome
Fostering Relationships	Previously Committed To	Developed and diversified territorial economies that support prosperity for all Northerners
CanNor collaborated with key northern and federal government partners on: infrastructure; skills and entrepreneurial capacity; regulatory processes and improvement; business development; and natural resource development in the North. The Agency worked with federal departments to increasingly align federal investments to improve the impacts of federal activities and programs. Relationships were also strengthened with key partners in Aboriginal communities, territorial governments, with the private sector and with other federal government departments whose mandates play important roles in advancing economic development in the North.		

Priority	Type	Strategic Outcome
Strengthening the Northern Projects Management Office (NPMO)	Previously Committed To	Developed and diversified territorial economies that support prosperity for all Northerners
The NPMO entered its first full year of operations and continued to advance its work with federal regulatory departments, northern environmental assessment and regulatory boards, and private sector project proponents, to facilitate and coordinate the efficient regulatory review of northern major project proposals. A Memorandum of Understanding was developed with all federal regulatory departments that provides the foundation for federal regulatory coordination in the North. NPMO's single window pathfinding service for industry was put into operation with project officers assigned to each company that had a project entering the environmental assessment process. Once in the NPMO portfolio, these companies received issues management advice and problem resolution, as well as support and guidance on the environmental assessment and permitting processes.		

Priority	Type	Strategic Outcome
Excellence in Internal Management	Previously Committed To	Developed and diversified territorial economies that support prosperity for all Northerners
CanNor worked to develop and implement: information management practices; corporate policies and procedures; as well as improved corporate secretariat services. The Agency established and implemented strengthened business and financial processes and controls in response to the Office of the Comptroller General's core control audit. Following an internal horizontal audit of Grants and Contributions, a Management Control Framework for Grants and Contributions was developed. CanNor also strengthened its governance structure by establishing senior management committees for Finance, Operations, Policy, and Human Resources to enable systematic and transparent consideration of issues and decision-making.		

Priority	Type	Strategic Outcome
Excellence in Human Resources Management	Previously Committed To	Developed and diversified territorial economies that support prosperity for all Northerners
The Agency developed a human resources strategy in line with the renewal of the Public Service and focused on the development of recruitment approaches to target Northerners which include collaboration with other federal departments and other levels of government. Efforts were made to encourage mobility among regional offices and focus was placed on performance management agreements that have a clear link to the Agency's priorities and individual learning plans.		

Priority	Type	Strategic Outcome
Performance Measurement	Previously Committed To	Developed and diversified territorial economies that support prosperity for all Northerners
CanNor worked to develop a data collection strategy to effectively track data related to performance measurement, and introduced a reporting process to track progress against established performance targets to support organizational decision-making. The Agency also embarked on an in-depth review process of its existing Performance Measurement Framework in an effort to streamline and update it and develop targets against key Program Activities		

Risk Analysis

CanNor delivers its programs in a unique operational and business environment. Business development in the North needs to deal with the exigencies of the climate, remote communities, sparse population, dependence on natural resource extraction and associated challenges, such as underdeveloped infrastructure. Program delivery in the North therefore requires a strong focus on risk management and mitigation.
CanNor has identified six key risk areas:

1. Operational Environment;
2. Human and Knowledge Capital;
3. Alignment with Priorities and Needs;
4. Relationships with Clients, Partners and Stakeholders;
5. Public Communications; and
6. Legal, Statutory and Land Claims.

Operational Environment: The North's tremendous economic potential is coupled with challenges in the delivery of economic development programming and regulatory coordination in the Arctic. Even the larger communities in the three territories are far from markets, and economic and municipal infrastructure can be limited. Logistics are challenging in the North and the cost of doing business is high. CanNor managed operational costs related to maintaining offices in the North and developed a suite of tools, practices, policies and procedures required to operate effectively as a federal government department. CanNor undertook a staged plan for the management of office accommodation and the establishment of its headquarters in Iqaluit. In its policy and procedures development, the Agency worked to develop business processes and tools appropriate to the northern operating environment.

Human and Knowledge Capital: By implementing a comprehensive human resources strategy, CanNor managed the risks associated with maintaining a sufficient and representative workforce with the appropriate skill mix. The Agency developed a human resources strategy in line with the renewal of the Public Service and focused on the development of recruitment approaches to target Northerners which include collaboration with other federal departments and other levels of government. Career opportunities were also offered to existing employees while encouraging mobility among the regional offices.

Alignment with Priorities and Needs: As a new organization in a specialized environment, CanNor had to give careful consideration to its organizational alignment of activities, priorities and financial resources to meet service expectations and organizational priorities. Risks related to ensuring that scarce resources were allocated to priority activities. Mitigation tools included CanNor's Program Activity Architecture (which clearly identifies the Agency's business lines). The Agency worked on revising and standardizing its business processes, and is developing an economic research function to refine the Agency's goals and priorities.

Relationships with Clients, Partners and Stakeholders: Most of CanNor's program delivery involves some element of partnership or collaboration, making it critical that the Agency build strong relationships with other key players who advance economic development in the North. CanNor has worked with partners across all three territories to inform how it invests its contribution programs funding. The Agency has established a model for collaboration with federal departments, such as Human Resources and Skills Development Canada. The Northern Projects Management Office developed a variety of tools to be used to coordinate federal regulatory activities relating to major development projects in the North. The Agency plays an important role as a convenor of diverse interests and, as a result, is able to identify cross-cutting problems and advance solutions.

Public Communications: In support of its mandate, CanNor effectively communicated its role and activities under the government's Northern Strategy and Canada's Economic Action Plan; provided information on program delivery successes; engaged the public, partners and stakeholders; and delivered consistent messages about the Agency so that Canadians understand its role and functions. To manage public communications, CanNor employed a suite of tools, including communications plans, engagement activities and standard business practices for announcements, media relations and outreach.

Legal, Statutory and Land Claims: A number of policies and legislative requirements set the context for CanNor's operations. CanNor must also adhere to the terms of Aboriginal land claim and self-government agreements in the North. These agreements also influence the regulatory environment in which the Northern Projects Management Office must operate. To align with statutory and other legal requirements, CanNor designed its own internal practices and business delivery to reflect the role played by comprehensive land claims and Aboriginal self-government agreements in the North.

Summary of Performance

2011–12 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
44.2	51.2	48.6

The difference between the Total Authorities of $51.2 million and Planned Spending of $44.2 million is mostly due to supplementary funding for the Northern Adult Basic Education Program ($2 million) and the headquarters (HQ) building in Iqaluit ($2 million), as well as other one-time program and operating adjustments. The difference between Total Authorities of $51.2 million and Actual Spending of $48.6 million is lapsing of funds as described in the Financial Highlights (Section III) of this report.

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
105	77	28

Although 105 Full-Time Equivalent (FTE) positions were originally planned, CanNor has been able to effectively deliver its programming with 77 FTEs.

Summary of Performance Tables

Progress Toward Strategic Outcome

Strategic Outcome: Developed and diversified territorial economies that support prosperity for all Northerners		
Performance Indicators	**Targets**	**2011-12 Performance**
Economic Development Stakeholder / partner / client satisfaction Total CanNor annual funding plus amount of funding leveraged	Targets were under development in 2011–2012	The Agency fostered relationships with partners and stakeholders in order to identify needs, deliver programs, and leverage funds to help develop and diversify the territorial economies.
Diversification Distribution of CanNor investments and projects by economic sector	Targets were under development in 2011–2012	CanNor's investments were diversified over several sectors including: resource development; tourism; economic infrastructure; and the traditional sector.
Increased Prosperity Business development arising from CanNor investments Improved foundations for economic growth in northern communities	Targets were under development in 2011–2012	The Agency invested in both business and community development across the North, providing economic opportunities for Northerners.
Effective Program Implementation Percentage of projects undertaken that successfully met / exceeded performance targets	Targets were under development in 2011–2012	In 2011-2012, CanNor invested in 158 projects.

Performance Summary, Excluding Internal Services

Program Activity	2010–11 Actual Spending	2011–12 ($ millions)				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Business Development	1.6	6.1	6.1	23.0	22.8	Strong Economic Growth[2]
Community Development	46.5	30.8	30.8	14.4	14.0	Strong Economic Growth[2]
Policy, Advocacy and Coordination	3.8	5.5	5.5	1.8	1.9	Strong Economic Growth[2]
Total	51.9	42.4	42.4	39.2	38.7	

Actual Spending in 2010-2011 was higher than 2011-2012 due to Canada Economic Action Plan programming which included the Community Adjustment Fund and the Recreational Infrastructure Canada Fund. Total Planned Spending for the Business and Community Development program activities was $36.9 million and the total Actual Spending was $36.8 million. In 2011-2012 funding ($18.157 million) for the SINED program was transferred to the Business Development from the Community Development program activity. The $3.6 million difference between Planned and Actual Spending for the Policy, Advocacy and Coordination program activity is due to the initial distribution of operating funds not reflecting the Agency's actual expenditure plan.

Performance Summary for Internal Services

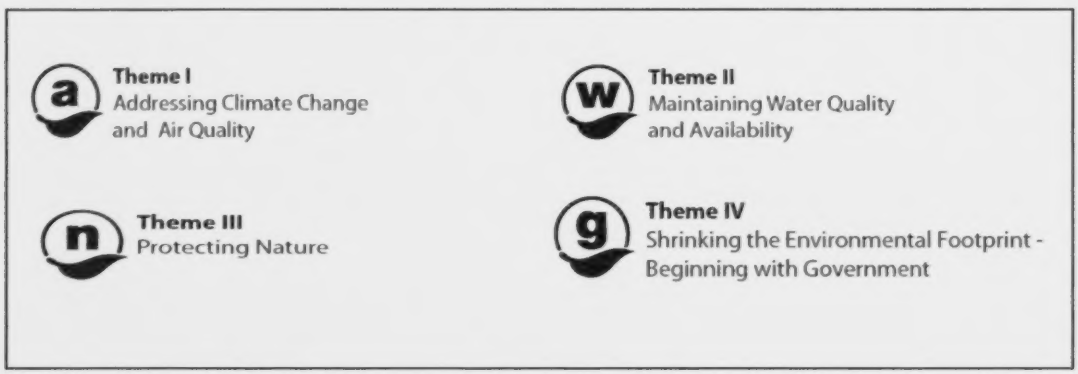
Program Activity	2010–11 Actual Spending	2011–12 ($ millions)				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Internal Services	12.4	1.8	1.8	12.0	9.9	N/A

The difference of $8.1 million between Planned and Actual Spending is largely due to the initial distribution of operating funds not reflecting the Agency's actual expenditure plan. The amounts for Total Authorities and Actual Spending include the funding related to the Iqaluit HQ building.

Contribution to the Federal Sustainable Development Strategy

CanNor is not required to report under the *Federal Sustainable Development Act* but nonetheless adheres to the Act's principles. Many of CanNor's activities contribute positively to addressing climate change and air quality, maintaining water quality, protecting nature, and shrinking the government's environmental footprint. The Agency is committed to the use of information and communication technologies to reduce the impact of the geographic distance between its offices while also reducing some of the environmental impacts arising from its operations. As CanNor is also committed to the Policy on Green Procurement[3], the Agency integrates green procurement practices.

CanNor contributes to Themes I: Addressing Climate Change and Air Quality; II: Maintaining Water Quality and Availability; III: Protecting Nature; and IV: Shrinking the Environmental Footprint - Beginning with Government, as denoted by the visual identifiers below.



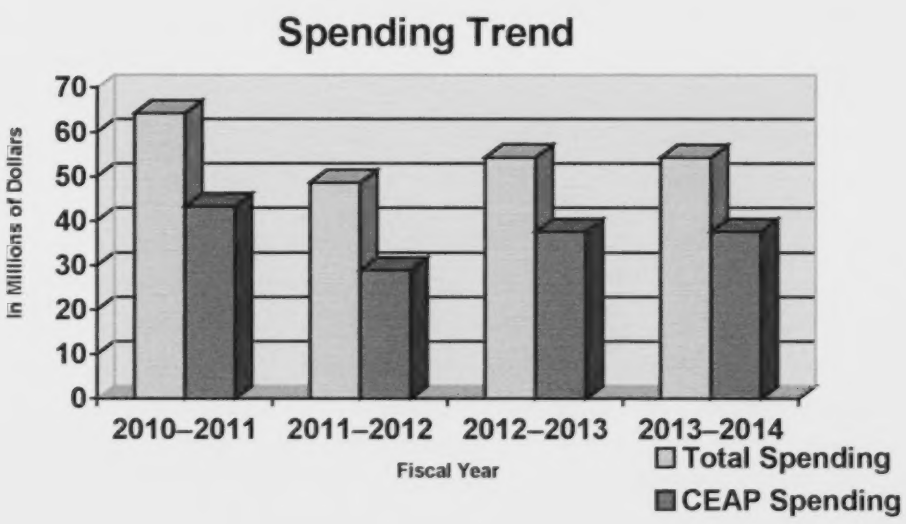
These contributions are components of the program activities: Community Development; Policy, Advocacy and Coordination; and Internal Services, and are further explained in Section II.

Strategic Environmental Assessment

Consistent with the Government of Canada's commitment to sustainable development, the Agency is committed to complying with the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, and, therefore, ensures that all policy, plan, and program proposals consider, when appropriate, potential environmental effects. Strategic Environmental Assessments (SEAs) are conducted when circumstances warrant. In 2011-12, scans undertaken for policy and program activity identified no requirement for SEAs.

Expenditure Profile

The following figure illustrates CanNor's spending trend from 2010-2011 to 2013-2014. Because CanNor was created in 2009–2010, no historical spending data exists for the Agency. Spending allocated from Canada's Economic Action Plan (CEAP) is reflected in the total spending but also shown separately. Two of the programs under CEAP, the Community Adjustment Fund and the Recreational Infrastructure Canada Program, were not renewed in fiscal year 2011-2012. However, CanNor's base funding and the Strategic Investments in Northern Economic Development Program also form part of CEAP and continue to fiscal year 2013-2014. Another part of CEAP is the Northern Adult Basic Education Program which was launched in 2011-2012 and continues until 2015-2016. Other CEAP spending, for the Community Infrastructure Improvement Fund, is projected for the years 2012-2013 and 2013-2014.



Estimates by Vote

For information on CanNor's organizational Votes and/or statutory expenditures, please see the Public Accounts of Canada 2012 (Volume II). An electronic version of the Public Accounts 2012 is available on the Public Works and Government Services Canada's web site[4].

Section II: Analysis of Program Activities by Strategic Outcome

Strategic Outcome

CanNor's strategic outcome is: *Developed and diversified territorial economies that support prosperity for all Northerners.* In terms of its overall performance, CanNor's Performance Measurement Framework (PMF) further defines this outcome in terms of: *improved performance with respect to development and diversification of territorial economies — in support of prosperity for all Northerners.*

Program Activity: Business Development

The Business Development program activity supports the growth and expansion of northern businesses, including small and medium enterprises, through training, advisory services, and grants and contributions. The program activity's objective is to encourage a competitive, diverse northern business sector with a strengthened capacity for innovation.

2011–12 Financial Resources ($millions)

Planned Spending	Total Authorities	Actual Spending
6.1	23.0	22.8

The difference between Planned and Actual Spending is largely due to the reallocation of $18.157 million of SINED funding from the Community Development to the Business Development program activity to better reflect the actual distribution of funds between the two program activities.

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
12	15	3

The difference between the Planned and the Actual numbers is due to the reallocation of human resources from the Community Development to the Business Development program activity to better reflect the actual distribution of resources between the two program activities.

Expected Results	Performance Indicators	Targets	Actual Results
Increased number of northern and Aboriginal businesses	Percentage of northern and Aboriginal individual- or community-owned businesses supported by the Agency that are still operating after two years	Targets were under development in 2011–2012	37 Aboriginal businesses were supported.
Strengthened northern innovation and technology capacity and increased knowledge base	Number of successfully completed studies and projects funded by CanNor Number of plans adopted involving: (a) expanded technology; or (b) expanded knowledge	Targets were under development in 2011–2012	14 projects were funded to support innovations in technology and capacity in economic sectors including energy, fisheries, geosciences and agriculture.
Northern and Aboriginal entrepreneurs have increased access to funding	Amount of disbursements to northern and Aboriginal businesses and community development organizations Amount of investment leveraged by CanNor	Targets were under development in 2011–2012	37 Aboriginal businesses had increased access to funding. Overall the Agency leveraged almost 200% funding against 151 projects.
Increased uptake of economic opportunities in existing, expanding and emerging sectors	Progress achieved: percentage of program expenditures against targets	Targets were under development in 2011–2012	Projects supported in geosciences mapping and fisheries species research are examples of expanding and emerging sectors.

Performance Summary and Analysis of Program Activity

Through this program activity, CanNor supported the growth and expansion of Aboriginal and northern businesses, including small and medium-sized enterprises. This program activity encourages a competitive and diverse northern business sector with a strengthened capacity for innovation.

Through the Aboriginal Business Development Program, the Agency provided contributions to support third party delivery agents such as the Nunavut Community Economic Development Organization and Dana Naye Ventures, to support training and advisory services to the business.

The Strategic Investments in Northern Economic Development (SINED) program contributes funding to territorial governments, non-governmental organizations and northern businesses. In the fiscal year it supported:

- projects to strengthen economic drivers, such as arts and crafts, tourism, fisheries, film, minerals, business services;
- diversifying the economy and increasing the participation of Northerners in the economy by complementing investments in the resource development sector, with efforts to grow small and medium enterprises in areas such as tourism and cultural industries; and
- improving the coordination of programs; such as the Canada-Nunavut Geoscience Office which is jointly managed and funded by the federal and territorial governments to maximize use of resources to map and otherwise determine resource potential.

Funding under SINED is generally combined with the resources and capacity of territorial governments, Aboriginal organizations and non-government organizations. This reflects CanNor's commitment to leverage outside funding and in-kind investments from third parties and the expectation that funding recipients will

CanNor provided $1.3 million to the Yukon Mine Training Association to purchase training modules to simulate six types of equipment training related to mining, transportation, and construction. The training addressed identified labour shortages for skilled equipment operators and targeted First Nations people in rural communities where many mines are located. This builds on a previous investment of $2.2 million in 2010 to purchase the simulators.

The equipment simulators are portable and were deployed to Dawson City where 9 local students took part in Heavy Equipment Operator training. Overall, 28 Yukoners took the simulator training courses and 17 graduates are currently working at mining operations and construction sites throughout Yukon.

make significant efforts to secure additional funding sources.

CanNor undertakes this program activity through the following sub-activities:

- Innovation and Knowledge;
- Entrepreneurship; and
- Sectoral Development.

More specifically:

- $17.4 million was spent under SINED in support of 83 projects. Investments were guided by territorial investment plans. These plans are specific to the needs of each territory and target key economic development sectors such as geoscience, tourism, cultural industries, economic infrastructure, mining, oil and gas development, forestry, renewable energy, small and medium-sized enterprises, commercial and traditional harvesting, and capacity development.

- The Aboriginal Business Development Program spent $2.6 million in support of 10 projects. Projects funded included business planning, feasibility studies, business start-up and expansion across the three territories.

- CanNor provided funding for business development opportunities for women and for small businesses, as well as for youth entrepreneurship. Small businesses are an important economic component in communities across the North and many of them start out as home-based operations owned and operated by women and young entrepreneurs to help support their growing families, while offering a needed service to the community. Both Nunavut and NWT have Skills Canada affiliates that support youth to experience and learn about skills in the workplace through school curriculum and after school program development.

Skills Canada Nunavut and Skills Canada Northwest Territories received investments of over $600,000 from CanNor for skills clubs to provide hands-on learning to youth in a variety of skilled trades, to promote skilled trades and technology careers and to develop new teaching modules for use in communities. In NWT, three pilot communities focused on revenue generating projects where students could deliver products and services for sale. The investment offered both northern youth and businesses greater chances for local employment in important sectors that contribute to the North's economic growth in the areas of mining, construction and tourism.

Lessons Learned

Cooperation, partnerships and relationship building are key to CanNor's success. Considering the high cost and often unique circumstances of doing business in the North, much can be learned and savings realized by sharing information and knowledge. For this reason, CanNor has understood the benefit of financially supporting and participating in collaborative forums such as conferences and professional development events that provide learning and networking opportunities. Examples where CanNor has focused efforts include: the Nunavut Economic Forum, pan-territorial forums for tourism marketing, Chambers of Commerce, and business development initiatives. The result of these partnerships is an enhanced environment for economic growth and more focused use of available resources.

Strategic Outcome

Developed and diversified territorial economies that support prosperity for all Northerners.

Program Activity: Community Development

The Community Development program activity supports community-level investments in infrastructure and organizations, and individual-level investments in skills and capacity development. The program activity's objective is the establishment of economically sustainable northern communities with a high quality of life for residents.

2011–12 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
30.8	14.4	14.0

The difference between Planned and Actual Spending is largely due to the reallocation of $18.157 million of SINED funding from the Community Development to the Business Development program activity to better reflect the actual distribution of funds between the two program activities. Funding under the Community Development program activity was also increased, through Supplementary Estimates, by $2 million for NABEP and $1.1 million for the Nutrition North Canada initiative.

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
47	15.6	31.4

The difference between the Planned and the Actual numbers is due to the reallocation of human resources from the Community Development to the Business Development

program activity to better reflect the actual distribution between the two program activities. Although 47 FTEs were originally planned, CanNor was able to effectively deliver the Community Development program activity with 15.6 FTEs.

Expected Results	Performance Indicators	Targets	Actual Results
Increased sustainability and well-being of northern communities	Four components of the Community Well-Being Index: income, education, housing, labour force participation	Targets were under development in 2011–2012	The establishment of NABEP began with engagement with northern colleges to reflect northern needs in the design of the new program, such as the discussion of assessment tools to determine adult education levels and gaps in both community delivery capacity and need.
Increased economic development benefits and opportunities for Aboriginal communities	Number of Canadian economic opportunities projects producing concrete economic employment benefit to date	Targets were under development in 2011–2012	28 projects were funded to support areas such as review of environmental impact statements for resource development, training for economic development practitioners, and community development planning.
Improved employment conditions within communities with accompanying quality of life benefits	Number of communities with functioning professional, administrative, and institutional economic development capacity	Targets were under development in 2011–2012	Projects funded in each territory to support enhancing skills of community economic development officers.
Northern communities benefit from improved infrastructure	Number of new and improved infrastructure elements successfully completed	Targets were under development in 2011–2012	Projects were supported in each territory to enhance community infrastructure in areas such as tourism, fisheries, energy, and broadband.

Performance Summary and Analysis of Program Activity

CanNor supported:

- proposals from First Nation, Métis and Inuit entrepreneurs in the North, as well as from northern communities, Aboriginal businesses and financial organizations;
- community-level investments in infrastructure and organizations; and
- individual-level investments in skills and capacity development.

The goal is to establish economically sustainable northern communities with a higher quality of life for residents. This is achieved through economic development and diversification initiatives that help communities sustain their economies and adjust to changing economic circumstances.

CanNor aligned its efforts to support the delivery of Human Resources and Skills Development Canada (HRSDC) skills training programs in the North. This included partnerships and projects under HRSDC administered funds, such as the Aboriginal Skills and Training Strategic Investment Fund and the Aboriginal Skills and Employment Partnerships program. Initiatives also included funding research and analysis of skills-related gaps and opportunities in areas such as film and tourism in Nunavut.

There are four components to this activity:

- Aboriginal Economic Development;
- Community Adjustment;
- Capacity and Skills Development; and
- Infrastructure.

Specifically, CanNor:

- Provided $ 11.6 million in support of 65 projects.

Two Nunavut community organizations received funding to increase capacity for heritage and cultural tourism and for Inuit business development in the territory. Under the *Nunavut Heritage Training Plan*, eleven tourism, arts and heritage workers received training to become trainers in their own communities to increase growth and capacity in the cultural and tourism industries in Nunavut. This training provided them with the skills and knowledge required to successfully develop a community cultural facility.

Kakivak Association received funding to support the development of business and communications initiatives to improve services to Inuit-based community businesses. Training was provided to eleven people in *Modeling for Business Analysis*, and a communication plan was developed to promote their services, which has led to an increased uptake of business support services in Nunavut.

- Continued to work with the territories to identify eligible projects for funding, and to negotiate related contribution agreements.

- Leveraged the role of the Northern Projects Management Office to better understand the potential impacts and benefits of major projects in the North and how it could foster strategic investments in communities to enhance business growth around these projects.

- Worked closely with Aboriginal governments and organizations to understand and respond to the economic development needs of these groups in accordance with the new Federal Framework for Aboriginal Economic Development.

- Implemented Canada's strategy for official languages, the *Roadmap for Canada's Linguistic Duality 2008–2013: Acting for the Future*. The Economic Development Initiative, funded by the Roadmap, and delivered by CanNor in the North, provided support for official language minority communities in the territories.

- Launched the Northern Adult Basic Education Program (NABEP). NABEP provides funding to the northern colleges so that they can expand and improve their adult basic education services which offer working-age Northerners increased opportunities to improve their education enabling them to benefit from a wide range of economic opportunities. The goal is to have those participating in the colleges' programs improve in areas such as literacy and numeracy so that they can enter the labour market and/or move on to more specific vocational training in higher skilled jobs.

- Continued collaboration with Infrastructure Canada and the other regional development agencies to improve the delivery of national infrastructure programs, one such example being the funding provided in the NWT and Nunavut for broadband enhancement.

- Assumed responsibility from Industry Canada for the Canada Business Network (CBN) in the North. The CBN offers a single-window service approach for businesses and helps improve the business climate. It provides information on various federal government programs and services available to northern entrepreneurs and an easy and convenient source to access information from a variety of departments and agencies. This initiative is delivered in collaboration with the territorial governments and not-for-profit entities to provide a consolidated and efficient delivery system.

- Provided funding to help support transition to the new Nutrition North Canada (NCC) program. Aboriginal Affairs and Northern Development Canada transferred just over $1 million to CanNor for the NCC program. The Agency provided funding to support commercial refrigeration and functional freezer capacity at facilities used to store country foods. The expansion and upgrading of cold storage units increased the capacity of hunters' and trappers' organizations to store country foods and expand their commercial availability to the general public, which supported the country food supply objectives of Nutrition North Canada.

Lessons Learned

For Community Development, the Agency strives for a coordinated approach to investments, where its funding is aligned with partners, particularly the territorial governments. Efforts in this area increased over the fiscal year with a focus on mechanisms for identifying key projects for joint investment. CanNor also advanced its relationships and collaborative efforts with federal partners, including Industry Canada, Infrastructure Canada, Canadian Heritage, and Aboriginal Affairs and Northern Development Canada on a range of northern initiatives.

Strategic Outcome

Developed and diversified territorial economies that support prosperity for all Northerners.

Program Activity: Policy, Advocacy and Coordination

The Policy, Advocacy and Coordination program activity supports research and analysis to guide programming and policy choices, the promotion of northern interests both inside and outside of the federal government, and the development of horizontal strategies, initiatives and projects to address economic development challenges in the North.

2011–12 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
5.5	1.8	1.9

The difference of $3.6 million between Planned and Actual Spending is due to the initial distribution of operating funds not reflecting the Agency's actual expenditure plan.

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
22	12	10

The difference between the Planned and the Actual numbers is due the reallocation of human resources to better reflect the actual distribution across program activities. Although 22 FTEs were originally planned, CanNor was able to effectively deliver the Policy, Advocacy and Coordination program activity with 12 FTEs.

Expected Results	Performance Indicators	Targets	Actual Results
Increased consideration of northern business and community development interests in federal economic policies, programs and regulations	Number of meetings and fora jointly planned and executed in the North	Targets were under development in 2011–2012	Program development to establish NABEP relied on understanding the needs of both communities and business sectors, identifying the gaps in basic workplace skills and the opportunity to meet growing labour market demands. The efforts of NPMO across federal partners began to yield significant progress in moving major projects forward across the North.
Development of partnerships and coordination of partners in addressing northern economic priorities	Number of partnerships focused on responding to shared northern economic priorities	Targets were under development in 2011–2012	CanNor's success in this area can be seen in the governance mechanisms NPMO operates to facilitate major project coordination. Joint work with industry, such as the Nunavut-NWT Chamber of Mines also highlights the importance and benefits of advancing partnerships.
Better access to federal government economic development opportunities for northern communities, individuals and businesses	Number of successful referrals to other federal programs	Targets were under development in 2011–2012	CanNor focused significant efforts on horizontally engaging other federal government departments, outlining northern needs in areas such as skills development, food security and infrastructure.
Major northern projects managed through a coordinated whole-of-government approach	Number of projects coordinated by the Northern Projects Management Office	Targets were under development in 2011–2012	NPMO coordinated efforts for 11 northern major projects moving through environmental assessment with a total capital investment of $8B and the potential for over 3000 jobs. NPMO also assisted with 13 other projects in the pre-environmental assessment phase.

Performance Summary and Analysis of Program Activity

This activity supports:

- research and analysis to provide evidence-based programming and policy choices;
- the promotion of northern interests both inside and outside the federal government;
- the development of horizontal strategies, initiatives and projects to address economic development opportunities and challenges in the North;
- industry in advancing major projects, as well as the coordination of federal responsibilities through the regulatory cycle of resource development projects; and
- close collaboration with key players to advance northern economic development.

This activity ensures that the Agency has the information and understanding needed to provide a balanced, regionally sensitive approach that addresses northern priorities, maximizes Canada's effectiveness in advancing economic development in the North, and supports the development and implementation of CanNor strategic directions and priorities.

Specifically, the following occurred:

- The Agency continued to build its strategic policy function; conducting economic research and analysis; and monitoring economic issues on an ongoing basis. The creation and use of the Northern Economic Index (NEI) is a good illustration of new econometric tools that are being developed to guide the Agency's economic development efforts. The NEI[5] can be seen on the Agency's web site.
- CanNor advocated for northern interests within the federal government and further developed the capacity to facilitate and enable the alignment of key federal economic development activities in the North. Areas of focus included connectivity, as well as infrastructure and labour market gaps.
- The Northern Projects Management Office (NPMO) worked with industry, federal partners, territorial and Aboriginal governments, regulatory boards and stakeholders, to facilitate improved communication and coordination, and to ensure environmental assessments and regulatory approvals proceeded smoothly on northern projects. The NPMO coordinated Aboriginal consultation and maintained the Crown consultation record for projects in its portfolio. The NPMO achieved a coordinated whole-of-government approach to managing northern resource and regional infrastructure projects by:
  - Providing single window issues management and support to 24 companies that it had in its portfolio. These companies have projects moving through environmental assessment (EA) and permitting across the territories, or are close to bringing forward specific proposals ready to start the EA process.

- Continuing to serve as a central source of information and guidance for project proponents and others regarding the applicable environmental assessment and regulatory requirements for northern projects, in part through active engagement and outreach with industry. The NPMO also continued to provide a link to and information about programs administered by CanNor and other government agencies, which can increase the ability of Northerners and northern Aboriginal people to benefit from resource and regional infrastructure development projects.

- Developing the Memorandum of Understanding (MOU) among the NPMO, and all federal departments and agencies with regulatory responsibilities in Canada's North. The MOU confirms the commitment of the parties to work cooperatively to ensure that environmental assessment and regulatory review of northern projects proceeds in a timely, predictable, transparent, effective and accountable manner. The MOU also establishes a governance structure, incorporating the existing Natural Resources Canada Major Projects Management Office network of Deputy Ministers, Assistant Deputy Ministers and Directors General committees, plus an NPMO project committee in each territory. Project committees are open to representation from both the federal and territorial governments, as well as northern boards.

- Guiding, on the advice of the project committees, the first projects to become part of the NPMO portfolio, including preparation of federal interdepartmental coordination agreements for each project, tracking projects' progress on a publicly accessible database, identifying issues and resolving through the governance structure.

- Nine Resource Development Advisory Groups (RDAGs) were held across the North. These sessions led by NPMO brought together project proponents, territorial officials and representatives from northern environmental assessment and associated boards. RDAGs help guide the work of proponents in preparing for EA, as well as inform regulators of the nature of the proposed project, allowing information to be exchanged to ultimately foster a more efficient and effective EA process.

The emerging shale oil development in the central Mackenzie Valley received some early attention by regulators when NPMO hosted an RDAG meeting for Husky Oil in Yellowknife in the fall of 2011. Over 20 regulators from the federal, territorial and Aboriginal governments participated in the initial project review. In addition to getting an early glimpse of the project, the RDAG helped to stimulate other preparedness activities related to shale oil development including community information sessions to learn more about drilling techniques, such as hydraulic fracturing.

Lessons Learned

Federal regulatory departments that participate in Northern project reviews have historically been independent parties with little interdepartmental coordination. This has led to inconsistent and in some cases conflicting evidence and advice to the review boards which has contributed to project delays. NPMO coordination of the federal participation in the review process is a significant change in the approach and has improved the clarity of the federal input into project reviews thereby reducing the risk of project delays.

NPMO has worked to remain sensitive to the time demands that coordination brings and has focused on ensuring that these efforts are value added for regulators as well as industry. Clarity in the approach taken toward interdepartmental coordination and roles and responsibilities of the federal departments was enhanced through the drafting and execution of a Memorandum of Understanding among federal departments, and through the development of Northern Project Agreements that provide more detail regarding federal roles and responsibilities in a specific project review.

Sustaining the coordinated approach also requires ongoing communication among federal departments as well as between the territorial governments and review board staff. NPMO has created Territorial Project Committees in each territory to provide ongoing support for NPMO coordination activities. NPMO also relies on key parts of the Major Projects Management Office governance structure, particularly the Major Projects Deputy Ministers' Committee, to take advantage of existing tools and mechanisms that can foster northern major projects, optimizing the effectiveness and efficiency of NPMO and the government's overall approach to major projects management.

With its portfolio of companies operating in the North growing each month, NPMO worked during fiscal year 2011-12 to develop a tool to transparently track major projects. It also put a significant emphasis on outreach to promote its single window service to industry, responding to issues raised by project proponents by working collaboratively with federal partners.

Strategic Outcome

Developed and diversified territorial economies that support prosperity for all Northerners.

Program Activity: Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property

Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

2011–12 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
1.8	12.0	9.9

The difference of $8.1 million between Planned and Actual Spending is due to the initial distribution operating funds not reflecting the Agency's actual expenditure plan. The amounts for Total Authorities and Actual Spending include the funding related to the Iqaluit HQ building.

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
24	34	10

The difference between the Planned and the Actual numbers is due to the reallocation of human resources to better reflect the actual distribution across program activities.

Expected Results	Performance Indicators	Targets	Actual Results
Public programs, as well as other internal services, operate more efficiently and effectively	Percentage of results meeting or exceeding targets for Governance and Support Management; Resource Management Services; and Asset Management Services	Targets were under development in 2011–2012	The Management Action Plan for the 2011 Office of the Comptroller General core control audit was completed, and the Management Control Framework for Grants and Contributions was developed.

Performance Summary and Analysis of Program Activity

In terms of governance and management practices, CanNor has continued to develop and implement an effective corporate services model and strived to build strong employee capacity and continuity. CanNor aligned its performance management practices with its priorities and key activities and emphasized implementation of an effective and timely financial resource management cycle. The Agency also implemented core financial controls and effective financial processes.

CanNor effectively promoted public awareness of the Agency's programs and services in 2011-2012 with 35 news releases on program funding, as well as 14 news conferences,

which received positive local coverage. Responses were provided to 42 media queries and 23 public inquiries, and CanNor officials gave 13 interviews with media.

Regional offices were up and running in all three of the territorial capitals and construction of the Agency's headquarters building in Iqaluit was almost completed by the last quarter of 2011-2012.

Lessons Learned

CanNor continued to improve its financial reporting, particularly by Program Activity. As a result, planned spending for the upcoming fiscal year will better align with the Main Estimates and actual spending. The Agency also focused on central agency requirements including future oriented financial information and quarterly financial reporting.

The Office of the Comptroller General completed a core control audit of the Agency in March 2011. By March 2012, a detailed Management Action Plan[6] for the audit was completed and is posted on the Agency's web site.

Changes to Government Structure

Order in Council P.C. 2011-0881 established Shared Services Canada as a department, effective August 4, 2011. Subsequent Orders in Council, P.C. 2011-0877 and P.C. 2011-1297, transferred the control and supervision of certain portions of the federal public administration related to information technology infrastructure services.

Impacts on Financial and Human Resources Resulting from the Establishment of Shared Services Canada

2011–12 Financial Resources ($ millions)		
	Planned Spending	**Total Authorities***
Net transfer post Orders in Council (OIC)** to Shared Services Canada (SSC)	.045	.045
2011–12 Human Resources		
	Planned	**Actual**
Deemed to SSC	0	0

* Pursuant to section 31.1 of the *Financial Administration Act* and Orders in Council P.C. 2011-0881, P.C. 2011-0877 and P.C. 2011-1297, this amount was deemed to have been appropriated to SSC, which resulted in a reduction in the appropriation for CanNor.

** Total authorities, as presented in the "2011-2012 Financial Resources" table (and other relevant tables) in the "Summary of Performance" section, is the net of any transfers to SSC. Actual spending does not include expenditures incurred on behalf of SSC as of the OIC date.

Canada's Economic Action Plan

In 2009-2010, CanNor received funding under Canada's Economic Action Plan (CEAP). Two of the original programs under CEAP, the Community Adjustment Fund and the Recreational Infrastructure Canada Program sunsetted at the end of fiscal year 2010-2011. However, CanNor's base funding and the SINED program also form part of CEAP and continue to fiscal year 2013-2014. NABEP was launched in 2011-2012 under CEAP and continues until 2015-2016.

SINED funding is provided under the Business Development Program Activity, while funding for NABEP is done under the Community Development Program Activity, both of which support the Agency's Strategic Outcome for developed and diversified territorial economies that support prosperity for all Northerners. Expected results and information regarding performance for both SINED and NABEP are found above under the Business Development and Community Development Program Activities.

Section III: Supplementary Information

Financial Highlights

Total Expenses recorded in CanNor's Financial Statements for 2011-2012 are consistent with Actual Spending on a government funding basis as per the Performance Summary in Section I of this report. Note 3 of the Financial Statements which pertains to Parliamentary Authorities reconciles the net cost of operations in the Financial Statements to current year authorities used. Overall expenses for 2011-2012 are $22.3 million less than last year. Transfer payment spending makes up most of the variance with a decrease of $18 million due to the end of Community Adjustment Funding in 2010-2011. Salaries in 2011-2012 are also lower than the previous year by $2.5 million as the Agency completed its initial ramping up of operations and was able to stabilize its FTEs. Another reason for salary expenses being lower in 2011-2012 as compared to the previous year, was lower severance pay expenditures, $57,876 for 2011-2012 versus $1.0 million in 2010-2011 as the severance accumulation ceased for many employees at the start of 2011-2012. Other operating expenses are lower by $2.1 million compared to the previous year because of start-up costs incurred in 2010-2011.

Expenses by program activity for 2011-2012 in the Financial Statements and in the Performance Summary are not consistent with the previous year and with the 2011-2012 Main Estimates. The Agency has been realigning the distribution of funds across program activities and results on an ongoing basis will be more comparable starting with 2012-2013.

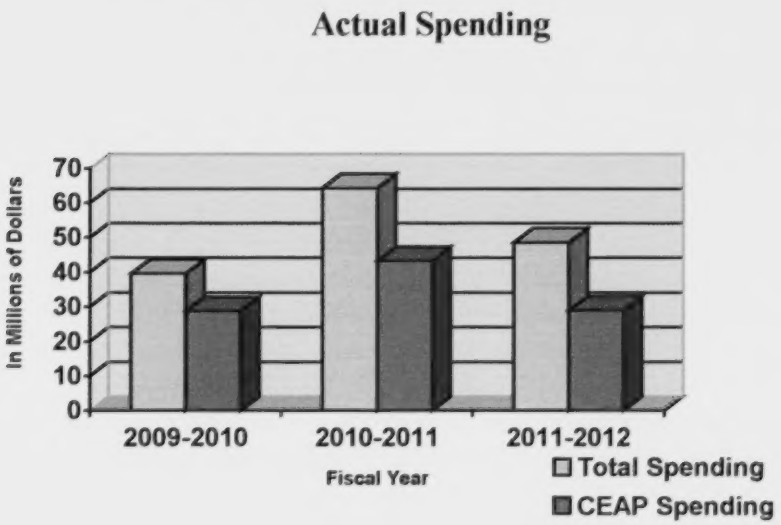
A major capital expense incurred in 2011-2012 was the $1.75 million expenditure of the new HQ building in Iqaluit.

The Agency lapsed $2.6 million in 2011-2012 ($1.8 million in Operating and $762,000 in contributions). The $1.8 million operating lapse includes $1 million allocated to the Agency for the Iqaluit headquarters building which was subsequently not required. The net operating lapse, excluding the allocation for the HQ building, is lower than last year's operating lapse of $1.17 million. The 2011-2012 lapse in contributions of $762,000 is substantially lower than last year ($3.8 million) since the Agency was better able to use its contributions budget.

Accounting changes and a prior period adjustment reported for the 2010-2011 results have had no impact on expenses incurred in 2011-2012.

A link to CanNor's financial statements[7] can be found on the Agency's web site.

Financial Highlights Charts and/or Graphs



Financial Statements

The financial highlights presented in this DPR are intended to serve as a general overview of CanNor's financial position and operations. A link to CanNor's financial statements[8] can be found on the Agency's web site.

List of Supplementary Information Tables

Electronic supplementary information tables listed in the 2011-2012 Departmental Performance Report[9] can be found on the Agency's web site:

- Details on Transfer Payment Programs
- Greening Government Operations
- Internal Audits and Evaluations

Section IV: Other Items of Interest

Organizational Contact Information

Mail: Headquarters

Canadian Northern Economic Development Agency
PO Box 40
Iqaluit, Nunavut
X0A 0H0

Regional Offices

Canadian Northern Economic Development Agency
PO Box 40
Iqaluit, Nunavut
X0A 0H0

Canadian Northern Economic Development Agency
PO Box 1500
Yellowknife, Northwest Territories
X1A 2R3

Canadian Northern Economic Development Agency
Suite 215 - 305 Main St
Whitehorse, Yukon
Y1A 2B3

Liaison Office

Canadian Northern Economic Development Agency
400 Cooper Street, 5th Floor
Ottawa, Ontario
K1A 0H4

Web Site: http://www.cannor.gc.ca/

E-Mail: InfoNorth-InfoNord@CanNor.gc.ca

Telephone: (Toll-free) 1-800-567-9604
TTY: (toll-free) 1-866-553-0554
Fax: 1-866-817-3977

Endnotes

[1] "Type" is categorized as follows: Previously committed to—committed to in the first or second fiscal year before the subject year of the report; Ongoing—committed to at least three fiscal years before the subject year of the report; and New—newly committed to in the reporting year of the Departmental Performance Report.

[2] Strong Economic Growth, http://www.northernstrategy.gc.ca/soc-dev/index-eng.asp

[3] Policy on Green Procurement, http://www.tpsgc-pwgsc.gc.ca/ecologisation-greening/achats-procurement/politique-policy-eng.html

[4] Public Accounts of Canada 2012, http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html

[5] Northern Economic Index, http://www.north.gc.ca/aa/nei1112/nei1112-eng.asp

[6] Management Action, http://north.gc.ca/aa/mp12-eng.asp

[7] CanNor's 2011-2012 financial statements, http://north.gc.ca/aa/of1112-eng.asp

[8] CanNor's 2011-2012 financial statements, http://north.gc.ca/aa/of1112-eng.asp

[9] CanNor's Estimates documents, http://north.gc.ca/aa/ed-eng.asp